

1213

RECEIVED
LEGISLATIVE AUDITOR
2008 SEP 12 AM 9:21

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

ALLEN ACTION AGENCY, INC.

Oberlin, Louisiana

Financial Report

Year Ended June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/26/08

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net assets	10
Statement of revenues, expenditures, and changes in fund balances- governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of the governmental funds to the statement of activities	12
Notes to the basic financial statements	13-24
 INTERNAL CONTROL, COMPLIANCE, AND OTHER GRANT INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	26-27
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	28-29
Schedule of expenditures of federal awards	30
Notes to schedule of expenditures of federal awards	31
Schedule of findings and questioned costs	32-33
Summary schedule of current and prior year audit findings and corrective action plan	34

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*

Tynes E. Mixon, Jr., CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Marshall W. Guidry, CPA
Alan M. Taylor, CPA
James R. Roy, CPA
Robert J. Metz, CPA
Kelly M. Doucet, CPA
Cheryl L. Bartley, CPA, CVA
Mandy B. Self, CPA
Paul L. Delcambre, Jr. CPA
Wanda F. Arcement, CPA
Kristin B. Dauzat, CPA
Richard R. Anderson Sr., CPA
Carolyn C. Anderson, CPA

Retired:
Conrad O. Chapman, CPA* 2006
Harry J. Clostio, CPA 2007

* A Professional Accounting Corporation

OFFICES

183 South Beadle Rd. Lafayette, LA 70508 Phone (337) 232-4141 Fax (337) 232-8660	450 East Main Street New Iberia, LA 70560 Phone (337) 367-9204 Fax (337) 367-9208
-------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------

113 East Bridge St. Breaux Bridge, LA 70517 Phone (337) 332-4020 Fax (337) 332-2867	200 South Main Street Abbeville, LA 70510 Phone (337) 893-7944 Fax (337) 893-7946
----------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------

1234 David Dr. Ste 203 Morgan City, LA 70380 Phone (985) 384-2020 Fax (985) 384-3020	1013 Main Street Franklin, LA 70538 Phone (337) 828-0272 Fax (337) 828-0290
-----------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------

408 West Cotton Street Ville Platte, LA 70586 Phone (337) 363-2792 Fax (337) 363-3049	133 East Waddil St. Marksville, LA 71351 Phone (318) 253-9252 Fax (318) 253-8681
------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------

332 West Sixth Avenue Oberlin, LA 70655 Phone (337) 639-4737 Fax (337) 639-4568	621 Main Street Pineville, LA 71360 Phone (318) 442-4421 Fax (318) 442-9833
------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------

WEB SITE:
WWW.KCSRCPAS.COM

INDEPENDENT AUDITORS' REPORT

Board of Directors,
Allen Action Agency, Inc.
Oberlin, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Allen Action Agency, Inc., (Agency) a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Allen Action Agency's, Inc.'s management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Allen Action Agency, Inc. as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 2008, on our consideration of the Allen Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The Allen Action Agency, Inc. has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Action Agency, Inc.'s basic financial statements. The accompanying schedule of expenditures of federal awards on page 30 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the basic financial statements of the Allen Action Agency, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
August 18, 2008

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Net Assets
June 30, 2008

	Governmental Activities
ASSETS	
Cash	\$ 50,471
Receivables:	
Due from governments and others	14,279
Capital assets, net	<u>697,234</u>
Total assets	<u>761,984</u>
LIABILITIES	
Accounts, salaries, and other payables	
Due to governments and others	2,637
Deferred revenues	2,500
Other	8,979
Note payable - due within one year	6,268
Note payable - due in more than one year	418,754
Compensated absences payable - due in more than one year	<u>9,146</u>
Total liabilities	<u>448,284</u>
NET ASSETS	
Invested in capital assets, net of related debt	272,212
Unrestricted	<u>41,488</u>
Total net assets	<u>\$ 313,700</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Activities
For the Year Ended June 30, 2008

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets
		Operating Grants and Contributions	Governmental Activities	
Governmental activities:				
General government	\$ 18,811	\$ 13,625	\$ (5,186)	
CSBG	81,865	81,846	(19)	
Emergency Energy	415	710	295	
Food and Nutrition	96,880	111,355	14,475	
Headstart	1,226,567	1,192,568	(33,999)	
LiHeap	228,247	231,687	3,440	
Weatherization	18,686	18,156	(530)	
United Way	1,928	-	(1,928)	
Headstart Parents	14,178	9,096	(5,082)	
Total governmental activities	<u>\$1,687,577</u>	<u>\$1,659,043</u>		
		Change in net assets	(28,534)	
		Net assets - July 1, 2007	<u>342,234</u>	
		Net assets - June 30, 2008	<u>\$ 313,700</u>	

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

CSBG Regular Fund

The CSBG Fund accounts for funds granted by the United States Department of Health and Human Services under Community Services Block Grant Program. This program provides funds to assist in ameliorating the causes and consequences of poverty.

Emergency Energy Assistance Fund

The Emergency Energy Assistance Fund accounts for funds donated to local utility companies by the public to provide to low income families.

Commodity Distribution Fund

The Commodity Fund accounts for commodity distributions granted by the United States Department of Agriculture under the Food Distribution Program.

Food & Nutrition Program Fund

This fund accounts for funds received from the State of Louisiana Department of Education to be used for the expenditures relating to the operations of the child care food program.

Headstart Program Fund

The Headstart Fund accounts for monies received from the U.S. Department of Health and Human Services. This program provides comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children.

LiHeap Fund

The LiHeap Fund accounts for funds granted by the United States Department of Health and Human Services under the Low Income Home Energy Assistance Block Grant Program. This program assists low income persons with meeting the costs of home energy.

Weatherization Program Fund

This fund accounts for funds granted by the Louisiana Department of Social Services and U.S. Department of Energy. This program attempts to conserve energy and reduce the impact of rising energy costs on low-income persons through the installation of energy-conserving measures in their dwellings.

Emergency Food and Shelter (United Way) Fund

The Emergency Food and Shelter (United Way) Fund accounts for funds granted by the Emergency Food and Shelter National Board Program.

Headstart Parents Fund

This fund accounts for monies generated by activities of Headstart participants' parents, which is under the control of the Allen Action Agency, Inc.'s Board of Directors.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Balance Sheet - Governmental Funds
June 30, 2008

	General Fund	CSBG Regular Grant	Emergency Energy	Commodity Distribution	Food and Nutrition Program	Headstart Fund	LiHeap Grant	Weatherization Program	United Way	Headstart Parents	Total
ASSETS											
Cash	\$ 17,598	\$ -	\$ 328	\$ -	\$ 22,347	\$ -	\$ 9,122	\$ -	\$ -	\$ 1,076	\$ 50,471
Receivables:											
Due from other funds	10,411	-	-	101	-	-	-	-	-	2,394	12,906
Due from governments and others	1,350	-	-	-	7,562	-	-	5,367	-	-	14,279
Total assets	<u>\$ 29,359</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 101</u>	<u>\$ 29,909</u>	<u>\$ -</u>	<u>\$ 9,122</u>	<u>\$ 5,367</u>	<u>\$ -</u>	<u>\$ 3,470</u>	<u>\$ 77,656</u>
LIABILITIES AND FUND EQUITY											
Liabilities:											
Due to other funds	\$ 2,495	\$ -	\$ 230	\$ -	\$ 2,914	\$ -	\$ 4,704	\$ 2,563	\$ -	\$ -	\$ 12,906
Accounts, salaries, and other payables:											
Due to governments and others	2,637	-	-	-	-	-	-	-	-	-	2,637
Deferred revenues	-	-	-	-	-	-	2,500	-	-	-	2,500
Other	4,528	-	-	-	-	-	-	2,057	-	2,394	8,979
Total liabilities	<u>9,660</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>2,914</u>	<u>-</u>	<u>7,204</u>	<u>4,620</u>	<u>-</u>	<u>2,394</u>	<u>27,022</u>
Fund equity:											
Reserved for restricted purpose	-	-	98	101	26,995	-	1,918	747	-	1,076	30,935
Unreserved, undesignated	19,699	-	-	-	-	-	-	-	-	-	19,699
Total fund equity	<u>19,699</u>	<u>-</u>	<u>98</u>	<u>101</u>	<u>26,995</u>	<u>-</u>	<u>1,918</u>	<u>747</u>	<u>-</u>	<u>1,076</u>	<u>50,634</u>
Total liabilities and fund equity	<u>\$ 29,359</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 101</u>	<u>\$ 29,909</u>	<u>\$ -</u>	<u>\$ 9,122</u>	<u>\$ 5,367</u>	<u>\$ -</u>	<u>\$ 3,470</u>	<u>\$ 77,656</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

Total fund balances for the governmental funds at June 30, 2008		\$ 50,634
Cost of capital assets at June 30, 2008	\$ 1,255,527	
Less: Accumulated depreciation	<u>(558,293)</u>	697,234
Long-term liabilities at June 30, 2008:		
Note payable - due within one year	(6,268)	
Note payable - due in more than one year	(418,754)	
Compensated absences payable	<u>(9,146)</u>	<u>(434,168)</u>
Total net assets of governmental activities at June 30, 2008		<u>\$ 313,700</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	CSBG Regular Grant	Emergency Energy	Commodity Distribution	Food and Nutrition Program	Headstart Fund	LiHeap Grant	Weatherization Program	United Way	Headstart Parents	Total
Revenues:											
Federal grants	\$ -	\$ 78,765	\$ -	\$ -	\$ 111,355	\$ 948,148	\$ 231,687	\$ 18,156	\$ -	\$ -	\$1,388,111
In-kind contributions	-	-	-	-	-	244,420	-	-	-	-	244,420
Other	13,625	3,081	710	-	-	-	-	-	-	9,096	26,512
Total revenues	13,625	81,846	710	-	111,355	1,192,568	231,687	18,156	-	9,096	1,659,043
Expenditures:											
Current -											
Salaries	6,028	60,790	-	-	37,816	582,395	12,356	2,210	-	-	701,595
Fringe benefits	231	5,600	-	-	-	118,530	1,092	199	-	-	125,652
Travel	290	926	-	-	-	1,854	1,232	15,307	-	-	19,609
Program services	10,901	11,530	403	-	639	193,547	214,389	-	1,391	13,922	446,722
Food	-	-	-	-	55,127	-	-	-	-	-	55,127
Other	-	-	-	-	-	244,420	-	-	-	-	244,420
Capital outlay	992	-	-	-	-	10,132	-	-	-	-	11,124
Debt service	-	-	-	-	-	41,690	-	-	-	-	41,690
Total expenditures	18,442	78,846	403	-	93,582	1,192,568	229,069	17,716	1,391	13,922	1,645,939
Excess (deficiency) of revenues over expenditures	(4,817)	3,000	307	-	17,773	-	2,618	440	(1,391)	(4,826)	13,104
Fund balances (deficit) - beginning	24,516	(3,000)	(209)	101	9,222	-	(700)	307	1,391	5,902	37,530
Fund balances - ending	\$ 19,699	\$ -	\$ 98	\$ 101	\$ 26,995	\$ -	\$ 1,918	\$ 747	\$ -	\$ 1,076	\$ 50,634

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Total net change in fund balance for the year ended June 30, 2008 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 13,104
Add: Capital outlay costs which are considered as expenditures on Statement of Activities	\$ 11,124	
Less: Depreciation expense for year ended June 30, 2008	<u>(60,493)</u>	(49,369)
Add: Loan principal retirement considered as an expenditure on Statement of Activities		5,996
Add: Deficiency of compensated absences earned over compensated absences used		<u>1,735</u>
Total change in net assets for the year ended June 30, 2008 per Statement of Activities		<u>\$ (28,534)</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements

INTRODUCTION

Allen Action Agency, Inc., incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The laws of the State of Louisiana exempt the Agency from Louisiana taxation. The majority of this agency's funding comes from government grants renewable annually.

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Allen Action Agency, Inc. is considered a component unit of the Allen Parish Police Jury. As a component unit, the accompanying financial statements should be included within the reporting of the primary government either blended into those financial statements or separately reported as discrete component units.

(1) Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Allen Action Agency, Inc. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Agency.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

The various funds of the Agency are classified as governmental funds. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Agency or its total assets, liabilities, revenues, or expenditures/expenses are at least 10 percent of the corresponding total for all funds.

The Allen Action Agency, Inc. reports the following major government funds:

General Fund

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the funds which comprise the Agency's Special Revenue Funds:

CSBG Regular Fund

The CSBG Fund accounts for funds granted by the United States Department of Health and Human Services under the Community Services Block Grant Program. This program provides funds to assist in ameliorating the causes and consequences of poverty.

Emergency Energy Assistance Fund

The Emergency Energy Assistance Fund accounts for funds donated to local utility companies by the public to provide to low income families.

Commodity Distribution Fund

The Commodity Fund accounts for commodity distributions granted by the United States Department of Agriculture under the Food Distribution Program.

Food & Nutrition Program Fund

This fund accounts for funds received from the State of Louisiana Department of Education to be used for the expenditures relating to the operations of the child care food program.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Headstart Fund

The Headstart Fund accounts for monies received from the U.S. Department of Health and Human Services. This program provides comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children.

LiHeap Fund

The LiHeap Fund accounts for the administration of funds granted by the United States Department of Health and Human Services under the Low Income Home Energy Assistance Block Grant Program. This program assists low income persons with meeting the costs of home energy.

Weatherization Program Fund

This fund accounts for funds granted by the Louisiana Department of Social Services and U.S. Department of Energy. This program attempts to conserve energy and reduce the impact of rising energy costs on low-income persons through the installation of energy-conserving measures in their dwellings.

Emergency Food and Shelter (United Way) Fund

The Emergency Food and Shelter (United Way) Fund accounts for funds granted by the Emergency Food and Shelter National Board Program.

Headstart Parents Fund

This fund accounts for monies generated by activities of Headstart participant's parents, which is under the control of the Allen Action Agency, Inc.'s Board of Directors.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when cash is received by the Agency.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including, special assessments.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Allen Action Agency, Inc.'s investment policy allow the entity to invest in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

All receivables from other governments are considered collectible due to their nature.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Allen Action Agency, Inc. maintains a threshold level of \$5,000 or \$500 for capitalizing capital assets, depending on the funding agencies requirements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	7-30 years
Furniture and fixtures	3-7 years
Vehicles	5 years
Equipment	3-7 years

F. Compensated Absences

The Allen Action Agency, Inc. has the following policy relating to vacation and sick leave:

Employees accrue vacation and sick leave based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

For fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt. No expenditure is reported for these amounts.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(2) Stewardship, Compliance and Accountability

Allen Action Agency, Inc. is not required and did not adopt a budget for this fiscal year.

(3) Cash and Cash Equivalents

At June 30, 2008, the Allen Action Agency, Inc. has cash and cash equivalents book balances totaling \$50,471.

These demand deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Agency's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the agency or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2008, the Allen Action Agency, Inc. has \$93,899 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

(4) Receivables

Receivables consisted of the following amounts due from other governmental agencies at June 30, 2008:

	General Fund	Food and Nutrition Program	Weatherization Program	Total
Allen Parish Police Jury	\$ 1,350	\$ -	\$ -	\$ 1,350
State of Louisiana, Department of Education	-	7,562	-	7,562
State of Louisiana, Department of Social Services	-	-	5,367	5,367
Totals	<u>\$ 1,350</u>	<u>\$ 7,562</u>	<u>\$ 5,367</u>	<u>\$ 14,279</u>

These amounts are considered collectible due to their nature.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(5) Capital Assets

	<u>Balance</u> <u>07/01/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/08</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 10,039	\$ -	\$ -	\$ 10,039
Capital assets being depreciated				
Buildings	823,508	-	-	823,508
Improvements other than buildings	19,566	-	-	19,566
Machinery and equipment	393,340	11,124	2,050	402,414
Total capital assets being depreciated	1,236,414	11,124	2,050	1,245,488
Less accumulated depreciation for:				
Buildings	172,723	27,450	-	200,173
Improvements other than buildings	5,546	764	-	6,310
Machinery and equipment	321,581	32,279	2,050	351,810
Total accumulated depreciation	499,850	60,493	2,050	558,293
Total capital assets being depreciated, net	\$ 736,564	\$ (49,369)	\$ -	\$ 687,195

Depreciation expense of \$60,493 for the year ended June 30, 2008, was charged to the following governmental functions:

General government	\$ 369
CSBG Grant	3,019
Emergency Energy	12
Food and Nutrition	3,298
Headstart	51,862
LiHeap	170
Weatherization	970
United Way	537
Headstart Parents	256
Total	<u>\$ 60,493</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(6) Interfund Receivables and Payables

Interfund transfers occur routinely between the general fund and other funds to temporarily loan these funds money until sufficient revenue inflows are available.

The composition of interfund balances as June 30, 2008 is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General fund	Emergency Energy	\$ 230
General fund	Food and Nutrition	2,914
General fund	LiHeap	4,704
General fund	Weatherization	2,563
Headstart Parents	General Fund	2,394
Commodity	General Fund	101
		<u>\$12,906</u>

(7) Accounts, Salaries, and Other Payables

The payables consisted of the following at June 30, 2008:

	<u>General Fund</u>	<u>LiHeap Grant</u>	<u>Weatherization Program</u>	<u>Headstart Parents</u>	<u>Total</u>
Due to governments and others:					
United Way	\$ 2,637	\$ -	\$ -	\$ -	\$ 2,637
Deferred revenues:					
LiHeap Client Education Grant	-	2,500	-	-	2,500
Other:					
Withholdings	4,528	-	-	-	4,528
Accounts payable	-	-	2,057	2,394	4,451
Total	<u>\$ 7,165</u>	<u>\$ 2,500</u>	<u>\$ 2,057</u>	<u>\$ 2,394</u>	<u>\$14,116</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(8) Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 2008.

	<u>Note Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 431,018	\$ 10,881	\$ 441,899
Additions	-	-	-
Deductions	<u>(5,996)</u>	<u>(1,735)</u>	<u>(7,731)</u>
Long-term obligations at end of year	<u>\$ 425,022</u>	<u>\$ 9,146</u>	<u>\$ 434,168</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2008.

	<u>Note Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Current portion	\$ 6,268	\$ -	\$ 6,268
Long-term portion	<u>418,754</u>	<u>9,146</u>	<u>427,900</u>
Total	<u>\$ 425,022</u>	<u>\$ 9,146</u>	<u>\$434,168</u>

Note payable principal and interest payable in the next fiscal year are \$6,268 and \$34,831, respectively. The individual issue is applicable to governmental activities and is as follows:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Cameron State Bank Collateral-Headstart building and land, Oakdale, LA , net book value at 6/30/08 of \$520,528	\$ 599,879	8.250%	10/31/2031	\$ 425,022	Headstart

(continued)

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(8) Long-Term Obligations (Continued)

The note payable is due as follows:

Year ending June 30	Principal Payments	Interest Payments	Total
2009	\$ 6,268	\$ 34,831	\$ 41,099
2010	6,806	34,294	41,100
2011	7,389	33,710	41,099
2012	8,022	33,077	41,099
2013	8,709	32,390	41,099
2014-2018	56,107	149,390	205,497
2019-2023	84,635	120,862	205,497
2024-2028	127,667	77,829	205,496
2029-2031	119,419	17,576	136,995
	<u>\$ 425,022</u>	<u>\$ 533,959</u>	<u>\$ 958,981</u>

Interest expense for the year was \$35,364 and was included in the Headstart Special Revenue Fund.

(9) In-Kind Contributions

The Agency records in-kind contributions for the Headstart Program for various personal services rendered, space donated, travel expenditures incurred, and other miscellaneous donations. These amounts have been recorded in the Headstart Special Revenue Fund.

(10) Risk Management

Management has represented that there is no litigation pending against the Agency at June 30, 2008. Furthermore, the Agency's management believes that any potential lawsuits would be adequately covered by insurance. The Agency has not retained the risk of loss in relation to insurance matters. Their policy is to purchase commercial insurance for any of their needs. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

(11) Judgements, Claims and Similar Contingencies

The Agency receives revenues from various Federal and State grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are normally recognized in the period in which agreed upon between the parties involved. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Agency's financial position.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(12) Economic Dependency

The Agency receives the majority of its revenue from funds provided through grants. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Agency will receive in the next fiscal year.

(13) Deferred Compensation Plan

The Agency maintains a 403(b) plan for its employees of the Headstart program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$15,000 annually. Employer contributions are discretionary. Vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years.

(14) Reserved and Designated Fund Balances

Reserved Fund Balances - The special revenue fund balances are reflected as reserved for restricted purposes due to the nature of the funds. All of the special revenue funds are grant programs, whose funds are required to be expended for specific purposes outlined in the various grant documents.

(15) Income Tax Status

The Allen Action Agency, Inc., a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(16) Compensation Paid to Board Members

During the fiscal year ended June 30, 2008, there were no payments made to or on behalf of board members.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER GRANT INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

G. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carier, CPA*
Arthur R. Nixon, CPA*

Tynes E. Nixon, Jr., CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Marshall W. Guidry, CPA
Alan M. Taylor, CPA
James R. Roy, CPA
Robert J. Metz, CPA
Kelly M. Doucet, CPA
Cheryl L. Bartley, CPA, CVA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Wanda F. Arcement, CPA
Kristin B. Dauzat, CPA
Richard R. Anderson Sr., CPA
Carolyn C. Anderson, CPA

Retired:
Conrad O. Chapman, CPA* 2006
Harry J. Clossio, CPA 2007

* A Professional Accounting Corporation

OFFICES

183 South Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St.
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

408 West Cotton Street
Ville Platte, LA 70585
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddil St.
Marksville LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

621 Main Street
Pineville, LA 71360
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE:
WWW.KCSRCPAS.COM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors,
Allen Action Agency, Inc.
Oberlin, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Allen Action Agency, Inc. as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated August 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Allen Action Agency, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Allen Action Agency Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 08-1 (IC) and 08-2 (IC) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 08-1 (IC) is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allen Action Agency, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Allen Action Agency, Inc.'s management, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
August 18, 2008

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Nixon, CPA*

Tynes E. Nixon, Jr., CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Marshall W. Guidry, CPA
Alan M. Taylor, CPA
James R. Roy, CPA
Robert J. Metz, CPA
Kelly M. Doucet, CPA
Cheryl L. Bartley, CPA, CVA
Mandy B. Self, CPA
Paul L. Delcambre, Jr. CPA
Wanda F. Arcement, CPA
Kristin B. Dauzat, CPA
Richard R. Anderson Sr., CPA
Carolyn C. Anderson, CPA

Retired:
Conrad O. Chapman, CPA* 2006
Harry J. Clostio, CPA 2007

* A Professional Accounting Corporation

OFFICES

183 South Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St.
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

408 West Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddil St.
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

621 Main Street
Pineville, LA 71360
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE:
WWW.KCSRPCAS.COM

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors,
Allen Action Agency, Inc.
Oberlin, Louisiana

Compliance

We have audited the compliance of the Allen Action Agency, Inc. (the Agency), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2008. The Allen Action Agency, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Allen Action Agency, Inc.'s management. Our responsibility is to express an opinion on the Allen Action Agency, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Allen Action Agency, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Allen Action Agency, Inc.'s compliance with those requirements.

In our opinion, the Allen Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Allen Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Allen Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, board members of the Allen Action Agency, Inc., and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
August 18, 2008

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>		
U. S. Department of Health and Human Services Headstart*	93.600	\$ 948,148
<u>Other Federal Awards</u>		
U. S. Department of Health and Human Services Passed Through Louisiana Housing Finance Agency LIHEAP	93.568	229,069
Passed Through the State Department of Employment and Training - Community Service Block Grant	93.569	78,846
U. S. Department of Agriculture Passed Through the State Department of Education - Child Care Food	10.558	81,795
Headstart	93.600	11,787
U.S. Department of Energy Passed Through the State Department of Social Services- Weatherization	81.042	<u>17,716</u>
Total expenditures of federal awards		<u>\$1,367,361</u>

*Major federal financial assistance program.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Allen Action Agency, Inc. The Allen Action Agency, Inc.'s reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2008. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The Headstart program was considered to be a major federal program for the Allen Action Agency, Inc.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the Allen Action Agency, Inc. and is presented on the modified accrual basis of accounting, which is described in Note 1 to the basic financial statements for the year ended June 30, 2008. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(3) Relationship to Fund Financial Statements

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenditures per the statement of revenues, expenditures, and changes in fund balances – governmental funds is as follows:

Total expenditures per combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	\$ 1,645,939
Less: In-kind contributions	(244,420)
Non-federal expenses	<u>(34,158)</u>
Total	<u>\$ 1,367,361</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Part I. Summary of Auditor's Results:

1. An unqualified report was issued on the basic financial statements.
2. Two significant deficiencies in internal control were disclosed by the audit of the basic financial statements. One significant deficiency was considered to be a material weakness.
3. There were no instances of noncompliance.
4. No significant deficiencies in internal control over the major program were disclosed by the audit of the basic financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no findings required to be reported under Section 510(a) of Circular A-133.
7. The Headstart program was considered to be a major program.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Compliance Findings –

There are no compliance findings that are required to be reported.

B. Internal Control Findings –

See Internal Control Findings 08-1 (IC) and 08-2 (IC) on the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

(continued)

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings that are required to be reported under the above guidance.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
For the Year Ended June 30, 2008

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/08) --						
<u>Internal Control:</u>						
08-1(IC)	Unknown	Due to the small number of employees, the Allen Action Agency, Inc. did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	Lyndon Livingston, Director	N/A
08-2(IC)	06/30/07	The Allen Action Agency, Inc. does not have a staff person who has the training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The Allen Action Agency, Inc. has evaluated the cost vs. the benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the entity to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Lyndon Livingston, Director	N/A
PRIOR YEAR (06/30/07) --						
07-1(IC)	Unknown	Due to the small number of employees, the Allen Action Agency, Inc. did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	Lyndon Livingston, Director	N/A
07-2(IC)	06/30/07	The Allen Action Agency, Inc. does not have a staff person who has the training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The Allen Action Agency, Inc. has evaluated the cost vs. the benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the entity to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Lyndon Livingston, Director	N/A